THE INFLUENCE OF REGIONAL ORIGINAL INCOME ON REGIONAL SPENDING IN DISTRICTS/CITIES IN WEST JAVA PROVINCE

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Abstract:

This research was carried out with the aim of testing how much influence regional original income has on regional expenditure in the District/City of West Java Province. The sample for this research is a report on the realization of the Regional Government budget in West Java Province. The method used in this research is descriptive and verification methods. The data collection technique was carried out through secondary data, the data was obtained from the Central Statistics Agency (BPS) of West Java Province. The statistical analysis used in this research is the normality test, autocorrelation test, simple linear regression analysis, Pearson correlation analysis, coefficient of determination analysis, and t hypothesis test, as well as data management assisted using the SPSS 25.0 for Windows program. The results of the research show that regional original income has an influence on regional expenditure in districts/cities in West Java Province. With the influence of local original income, regional spending will also increase.

Keywords: Original Regional Income and Regional Expenditures

Abstract:
The purpose of the research is to know how much the influence of regional original revenue to regional expenditure on the local government city/regency in West Java Province. The research approach used in the sample of this research is Budget Realization Report of Local Government in West Java Province. The method used in this research is descriptive and verification method. Data collection techniques are conducted through secondary data, the data obtained from the Central Statistics Agency (BPS) in West Java Province. Statistical analysis used in this study is normality test, autocorrelation test, simple linear regression analysis, person correlation analysis, coefficient of determination analysis, and hypothesis and assisted with data processing using SPSS 25.0 for Windows. The results of the research show that regional original revenue has an effect on regional expenditure on the local government city/regency in west java province. The influence of regional original revenue on regional expenditure means that the higher the regional original revenue, the more the regional expenditure will increase.

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INTRODUCTION

The Unitary State of the Republic of Indonesia (NKRI) is a country in Southeast Asia consisting of 34 provinces which are divided into 416 districts and 98 cities (Akbar, 2019); (Riadi, 2018); (Cahyono et al., 2020). Each region has regulations to improve the efficiency and effectiveness of its government administration to the community (Prabowo & Rafli, 2020). The government and community participate to maximize the natural and human resources of the region in order to design, build and optimize regional development .

Development in Indonesia has gone through various periods, starting with the old order, the new order, and the current reform period which has brought Indonesia to development changes that are expected to achieve the welfare of its people fairly and equally (Ruslan, 2019). Of course, with Indonesia's size, which has 17,508 islands spread across, it is a challenge for its people to create prosperity for themselves.

Centralized government system where the government system was implemented from the center while regional governments only had to fully implement what had been determined by the center (Nuradhawati, 2019). However, this means that regions generally have different potential sources of wealth which are influenced by various factors, namely climate, geography and economic strength, which are not realized properly, causing development inequality between the center and the regions. Thus, in order to support the implementation of development, the government implemented reforms by establishing the Republic of Indonesia MPR Number -Law Number 32 of 2004 As has been amended several times and most recently by Law number 23 of 2014 concerning regional government and Law Number 33 of 2004 concerning Financial Balance between the Central and Regional Governments which caused fundamental changes regarding the regulation of central and regional relations.

The reason for holding regional autonomy is because the Indonesian people want openness and independence (Bunga, 2020). The aim of regional autonomy is to accelerate economic growth and regional development, reduce disparities between regions and improve the quality of public services so that they are more efficient and responsive to the needs, potential and characteristics of each region. (Henryk, 2013); (Wulandari, 2021); (Ginting & Agita, 2019). This is achieved through increasing the rights and responsibilities of local governments to manage their own households.

The implications of granting autonomy authority require regions to carry out development in all fields, especially for the development of public facilities and infrastructure (*Public Services*) (Putri, n.d.). It is hoped that this development can be carried

out independently by the regions in terms of planning, development and financing. The development carried out provides many benefits for the region, including improving the quality and quantity of community services, encouraging regional economic development, encouraging increased regional development in all fields, encouraging investment activities and determining the allocation of resources into regional spending by adhering to the principles of appropriateness, needs and capabilities. area.

Expenditures are generally used in the public sector or in government related to budgeting, namely showing the amount of budget that has been spent during one year. The expenditure budget is recognized when the expenditure occurs from the State/regional general treasury account (Pangkey & Pinatik, 2016). Expenditures are reductions in the equity of the government's current funds for expenditures specified in the budget credit authority documents. This spending on the government or regions can take the form of direct spending and indirect spending. Regional spending is grouped into two types, namely indirect spending and direct spending. Indirect expenditure includes interest expenditure, subsidy expenditure, grant expenditure, social assistance expenditure, profit sharing expenditure to the province/district and village government, financial assistance expenditure to the province/district and village government, unexpected expenditure. Meanwhile, direct expenditure includes personnel expenditure, expenditure on goods and services, capital expenditure.

Regional shopping which is all local government expenditure in One the budget year contains costs that must be issued by the local government implementing work programs government (Purwantoro & Setyowati, 2019). The composition of regional spending must also be considered as best as possible in supporting the need for public facilities in order to increase public confidence in the performance of regional government. If this public trust increases, then of course it can increase the community's contribution in paying regional taxes, which is one source of original regional income. So, to improve public services, regional expenditure allocations must also undergo changes, if previously they were mostly used in apparatus expenditure posts, then if you want to improve public services you must prioritize capital expenditure allocations. This change in spending allocation also aims to increase facilities that can stimulate increased economic activity in the community which will of course further grow investment in the region. To improve public service facilities, the government must allocate a larger budget in the form of capital expenditure in the APBD.

Regional spending cannot be separated from the regional income received. According to Law no. 23 of 2014 regional income consists of: 1) Original regional income (PAD), 2) Transfer income, and 3) Other legitimate income. In Law no. 32 of 2004 states that regional government revenue comes from its own funding based on its wishes, namely in the form of local original income (PAD). Regional original income (PAD) consists of: a) Regional Tax,

b) Regional Levy, c) Results from the management of separated regional assets, and d) Other legitimate regional original income. The central government also provides income transfers to the government in the form of Balancing Funds.

The picture of regional independence in regional autonomy can be known by how big the regional financial resources are to be able to develop the region (Nggilu, 2016). Regional financial independence shows the ability of the Regional Government to finance its own government activities, development and services to the community who have paid taxes and levies as a source of income needed by the region.

Regional original income, which includes regional taxes and regional levies, is expected to become a source of regional government revenue in increasing regional financial independence. This is in accordance with Law Number 18 of 1997 concerning Regional Taxes and Regional Levies as amended by Law Number 34 of 2000 and most recently amended by Law Number 28 of 2009 . Regional taxes and levies are determined by each region according to the capabilities of that region. This regional income will then be used to carry out various types of financing for national and regional government development. Regional governments must be able to see and process regional sources of income so that they can be utilized as well as possible to improve social welfare for regional communities.

Through the policy of implementing regional autonomy, regional governments can regulate and manage the interests of their own communities in the process of taking or collecting There is no separation from interference from the central government because currently the management system adheres to a *decentralized system* , that is, all management and provision of policies are regulated in regional regulations and adjusted to applicable laws. The implementation of *decentralization* emphasizes the delegation of authority to manage regional financial resources, with the assumption that district and city governments have a better understanding of the needs, potential and aspirations of their communities than the central government. However, the reality is that there is still a high level of regional financial dependence on the central government.

West Java Province is a province that has abundant natural resources, is a tourist destination and is one of the largest industrial areas in Indonesia. Thus, West Java Province has the potential to increase sources of income both individually and as a whole for the region. However, the increasing volume of development from year to year and coupled with the increase in population and living needs is a problem and development burden that deserves attention. Efforts to solve these problems and development burdens require the government to play a sustainable role. There are other things regarding the situation or factors related to the business climate, regional economic climate, which will influence regional income levels, one of which is currently due to the Covid-19 pandemic and

restrictions on community economic activity along with the implementation of the PPKM policy in West Java which has an impact on activity restrictions. economy and people's purchasing power thus affecting the realization of regional original income.

Data from the Central Statistics Agency (BPS) regarding Financial Statistics of Provincial and Regency/City Governments in West Java Province recorded that the PAD contribution of all Regencies/Cities in West Java ranged from 14.07 to 22.44 percent in 2016-2020, while the contribution of funds the balance ranges from 35.34 to 44.72 percent, the remaining percentage of income comes from other legitimate income. This shows that the relatively small role of PAD in almost all regencies/cities in West Java Province reflects the high level of financial dependence of the Regency/City Regional Government on the central government. This means that district/city expenditure financing needs are largely funded by money transfers from the central government.

Sabaniar, (2022)stated that government area can carry out autonomy area with Good Because exists support from factor - factor source Power Which capable move the way wheel government in frame achievement objective. Wrong One the factor is factor finance, factor finance is factor main Which become source financial To use maintenance government area. Constitution Number 23 Year 2014 state that Which become sources _ _ income between other originate from income original area, funds balance And income others _ _ Which legitimate

Contribution _ most big originate from fund transfer government center form fund balance Which covers inside it there is fund allocation general And fund allocation special with contribution highest happen on year 2019 as big as Rp 47,486,402,378.50 . Whereas income original area Which feed _ reflection from implementation autonomy And decentralization fiscal his contribution Still low with mark highest happen on year 2020 as big as Rp 25,336,978,425.36. (Fauziah, 2018)) state that income original area (PAD) is reception Which obtained government area from sources in its territory Alone Which collected based on regulation Da era.

However, in implementation decentralization fiscal in Indonesia Still face various challenge between other dependency government area to fund balance Which transferred by government center Which assessed Still very tall And minimal contribution income original area in support affairs government area. Based on data APBD Year 2020 from Directorate General Balance n Finance _ (DJPK) contribution income original area (PAD) all over province, regency, And city to Tan 's opinion area only around 26.49% (Sofi, Irfan; 2021).

President convey that For funding development n And maintenance government year 2020, shopping country planned reach Rp 2,540.4 Trillion. From total budget the as big as Rp 909.6 Trillion will allocated to 87 ministries/institutions And budget as big as

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Rp 856.9 t trillion will allocated For transfer fund to village And area . President _ want _ shopping so that quick realized since beginning year _ To use push acceleration development (PR DJPK, 2019).

Source: Kemenkeu.go.id
Picture 1.1 Transfer Fund to Area And Village (TKDD)

From picture or chart on strengthen statement Which state that its height dependency government area to fund transfer from government center form fund balance.

Table 1
Number of Regencies and Cities in West Java by group, percentage of PAD to total expenditure 2016-2020

Group Percentage of PAD to Total Expenditures (%)	Number of Regencies/Cities in West Java				
	2016	2017	2018	2019	2020
[1]	[2]	[3]	[4]	[5]	[6]
<10.00	5	3	4	4	1
10.00-19.99	13	11	13	12	13
20.00-30.00	4	3	2	5	7
>30.00	5	10	8	6	6
Amount	**27**	**27**	**27**	**27**	**27**

Source: Central Statistics Agency (2020)

Based on table data for the 2016-2020 period, in 2019 there were 6 districts/cities that financed their regional expenditure with more than 30 percent of Original Regional

Income (PAD), 5 districts/cities with 20-30 percent PAD, 12 districts with 10- 20 percent PAD, and 4 districts/cities with less than 10 percent PAD. In 2020, there were 6 districts/cities with more than 30 percent PAD, 7 districts/cities with 20-30 percent PAD, 13 districts with 10-20 percent PAD, and 1 district/city with less than 10 percent PAD. The average use of PAD for regional expenditure by Regency and City Regional Governments in West Java Province is in the range of 10-19.99 percent. However, there are still several Regency and City Governments in West Java Province that are very dependent on balancing funds or income transfers from the Central Government, which is actually contrary to the aim of regional autonomy to increase independence and efficient public services in accordance with the characteristics of each region. Original regional income should be the main determinant of the level of independence of a region, and the greater the contribution, the lower the level of dependence on the central government.

RESEARCH METHODS

This research uses quantitative descriptive methods. The research approach used in this research is *cross sectional* which aims to determine the cause and effect between PAD and regional spending.

The research object is the object being researched and analyzed. In this research, the object of research is income Regional Originals (PAD) and Regional Expenditures . This research was carried out on Regency and City Government in West Java Province. As for the year The period studied was 2016 -2020 .

The population in this study is the entire government Districts and Cities in West Java Province consisting of 18 (eighteen) Districts and 9 (eight) Cities with a 5 year period from 2016 to 2020 . The population size in this study is 27 districts/cities.

The data in this research is secondary data obtained from the District and City Regional Revenue and Expenditure Budget Realization Report in West Java Province from 2016 to 2020.

The sampling technique used in this research is probability sampling and non-probability sampling. In this research, the author used the entire research population as the sample because this research used a saturated sampling method. Meanwhile, the data source used in this research is secondary data. Data collection technique

The data used in this research is quantitative data, namely data expressed in numbers that show the value of the magnitude of the variable it represents. This quantitative data was obtained directly from the official website of the West Java Provincial Central Statistics Agency in the 2016-2020 Fiscal Year, namely: http://jabar.bps.go.id .

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As for how to obtain data and information in this research, the author carried out data collection using the following techniques:

1. Internet Research (*Online Research*) Collecting observational data with secondary data in the form of Regional Income and Regional Expenditure Realization Reports and this data was obtained from the official website of the West Java Provincial Central Statistics Agency in the 2016-2020 Fiscal Year, namely: http: [//jabar.bps.go .id](//jabar.bps.go.id) .

2. Library Research (*Library Research*) This research is intended as a way to obtain a theoretical basis that can be used as a guide in obtaining theories obtained through practice in the field, namely reading *literature* that is related to the problem being researched, reading books and articles with the problem being studied. researched.

Based on the data that has been collected and obtained, the analysis used in this research is descriptive analysis, namely analyzing problems by describing them through tables using statistical manual analysis tools and SPSS (Statistical Package For Social Science) software version *25.0* . The function of SPSS is to process qualitative and quantitative data and is used in research because it is practical to use and easy to use to express the interpretation of coefficient values for statistical data used in research.

Data analysis was carried out descriptively and verifiably, followed by hypothesis testing which included simple linear regression, correlation test, coefficient of determination and t statistical test. The goal is to determine whether the independent variable has a relationship with the dependent variable. Determining the level of significance, and ending with determining the basis for drawing conclusions through accepting or rejecting the hypothesis.

RESULTS AND DISCUSSION

Descriptive Analysis

This research uses 2 (two) data, namely regarding Regional Original Income and Regional Expenditures. Before testing the independent variable with the dependent variable, a descriptive analysis was carried out including the amount of data, maximum value, minimum value, average value (mean) and standard deviation of each variable used.

Analysis of Regional Original Income and Regional Expenditure Data

Specific data regarding Original Regional Income (PAD) in West Java Province for the 2016-2020 period is presented in full in Appendix 1. From the results of secondary data collection regarding the realization of Regional Original Income in West Java Province for the 2016-2020 period, the minimum, maximum, The mean and standard deviation of the description of the research variables are as follows:

Table 2

Descriptive Statistics of Original Regional Income (In Thousands of Rupiah) for each City/Regency 2016-2020

Variable	N	Min	Max	Mean	Std. Deviation
Locally-generated revenue (X)	27	594,291,224.88	13,590,504,262.86	4,049,938,923.23	3738500917

Source: Processed secondary data, 2021.

Based on the data in table 4.2 above, it shows that the Original Regional Income of each district/city in West Java province calculated from 2016-2020 is the lowest at IDR. 594,291,224.88 and the highest is Rp. 13,590,504,262.86, average PAD of Rp. 4,049,938,923.23.

Regional Expenditure Data Analysis

Specific data regarding Regional Expenditures in West Java Province for the 2016-2020 period are presented in full in Appendix 1. From the results of secondary data collection regarding Regional Expenditures in West Java Province for the 2016-2020 period, the minimum, maximum, mean and standard deviation values of the variable descriptions research is as follows:

Table 3

Descriptive Regional Expenditure Statistics (In Thousands of Rupiah) for each City/Regency 2016-2020

Variable	N	Min	Max	Mean	Std. Deviation
Regional Shopping (Y)	27	4,156,286,558.89	74,443,129,435.13	18,088,585,607.55	13450230353

Based on the data in table 4.4 above, it shows that Regional Expenditures from each district/city in West Java province calculated from 2016-2020 were the lowest at IDR. 4,156,286,558.89 and the highest is IDR. 74,443,129,435.13, average regional expenditure is Rp. 18,088,585,607.55

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Original Regional Income against Regional Expenditures in Regencies/Cities in West Java Province

Original regional income, which includes the results of regional taxes, regional levies, management of separated regional assets, as well as other legitimate regional revenues, has the main objective of supporting regional autonomy within the framework of decentralization. Regional development aims to improve regional performance and community welfare, requiring strong sources of original regional income. Apart from that, income from the central government, such as transfer funds from the State Revenue and Expenditure Budget, also contributes. It is important to pay attention to the composition of regional spending in order to meet the needs of public facilities and build public trust in regional government, which in turn can increase community participation in increasing regional income.

The following are the results of the analysis of the calculation of Original Regional Income revenue against Regional Expenditures in West Java Province for the 2016-2020 period, as follows:

Table 4
PAD Revenue from Regional Expenditures for the 2016-2020 Fiscal Year

Year	Realization of Original Regional Income (Rp)	Realization of Regional Expenditures (Rp)	Percentage (%)
2016	656,599,227.28	4,570,166,252.22	14.37
2017	831,110,625.90	3,288,899,179.45	25.27
2018	762,856,515.75	3,201,842,322.63	23.83
2019	860,965,945.94	3,478,555,952.28	24.75
2020	938,406,608.35	3,549,121,900.97	26.44

Source: Analysis Results (2021)

Based on the results of the analysis carried out to measure the level of revenue from PAD towards Regional Expenditures in table 4.4 above , it can be seen that the role of PAD towards Regional Expenditures experienced a significant increase in 2020. In line with the increase in PAD, regional expenditure allocations also experienced the same increase every year.

The following are the results of PAD analysis of regional expenditure from 2016 to 2020:
1. In 2016, PAD contributed 14.37% to regional spending.

2. In 2017, PAD contributed 25.27% to regional spending. This experienced an increase in contribution of 10.90% from 2016.
3. In 2018, PAD contributed 23.83% to regional spending. This experienced a decrease in contribution of -1.44% from 2017.
4. In 2019, PAD contributed 24.75% to regional spending. This experienced a further increase in contribution of 0.93% from 2018.
5. In 2020, PAD contributed 26.44% to regional spending. This experienced an increase in contribution of 1.69% from 2019.

A comparison of the contribution of Original Regional Income to Regional Expenditures in West Java Province for the 2016-2020 period can be seen through a diagram, as follows:
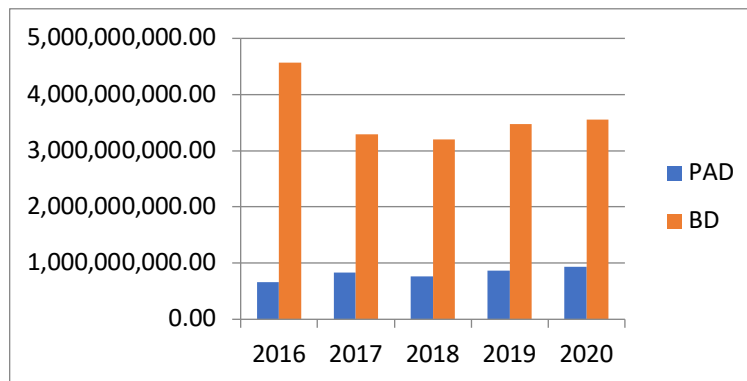
Source: processed by the author (2021)

Figure 2 PAD Contribution to Regional Expenditures for the 2016-2020 Period

Associative Analysis
Classic assumption test

Before it can be interpreted further into the *Pearson correlation model* , coefficient of determination, simple linear regression and hypothesis testing so that the model can provide accurate estimation results, it must first fulfill the classical assumption test as follows:

Normality test

The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution. In this normality test, the *Kolmogorov Smirnov test is used* to detect whether the residuals are normally distributed or not.

Table 5
***Normality* Test Results**
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		135
Normal Parameters [a, b]	Mean	,0000000
	Std. Deviation	,37271422
Most Extreme Differences	Absolute	,065
	Positive	,065
	Negative	-,044
Statistical Tests		,065
Asymp. Sig. (2-tailed)		,200 [c,d]

Test distribution is Normal.

Kolmogorov Smirnov table above, it can be concluded that the data in this study is normally distributed. This can be seen from the value " *Asymp. Sig. (2-tailed)* " value is greater than the *alpha degree* (0.05), then *the normality test* is fulfilled. As Ghazali said, if the *Kolmogorov-Smirnov test results* show a p- *value* greater than 0.05, then the data is normally distributed and vice versa, if the p- *value* is smaller than 0.05, then the data is not normally distributed (Ghozali, 2016:159).

Autocorrelation Test

This Autocorrelation Test aims to test whether in the linear regression model there is a correlation between confounding errors in period t-1 (previous). This test is carried out by comparing the *Durbin Watson* (DW) value with the du (upper limit) and dl (lower limit) values.

The following is table 4.8 results of the autocorrelation test using the SPSS program:

Table 6
Autocorrelation Test Results
Model Summary [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson

| 1 | .805 ª | 0.648 | ,634 | 1628370182.49629 | 1,869 |

a. Predictors: (Constant), pad1

b. Dependent Variable: bd

95% confidence level (α = 5%), number of variables k = 2 and number of samples n = 27 with a Watson Durbin value of 2,000 then: dL = 1.689, du = 1.749, (4 − d) = 1.869 Testing Criteria:

Positive Autocorrelation Detection:

If d < dL then there is positive autocorrelation,

If d > dU then there is no positive autocorrelation,

If dL < d < dU then the test cannot be concluded.

Negative Autocorrelation Detection:

If (4 − d) < dL then there is negative autocorrelation,

If (4 − d) > dU then there is no negative autocorrelation,

If dL < (4 − d) < dU then the test cannot be concluded.

From the calculation results it is found that DW: 1.869 > dU: 1.749, so there is no positive autocorrelation. And 4-DW: 1.869 > dU: 1.749, so there is no negative autocorrelation.

Table 7

Durbin Waston Value Classification For Autocorrelation

Mark	Information
<1.10	There is autocorrelation
1.10 – 1.54	No conclusion
1.55 – 2.45	There is no autocorrelation
2.46 – 2.90	No conclusion
>2.91	There is autocorrelation

Based on table 4.9, it can be seen that the _Durbin Watson value_ for this research is 1.869. Because this value lies between 1.55 and 2.45, it can be said that the results do not have autocorrelation.

Simple Regression Analysis

To find out the regression coefficient of local original income on regional expenditure, look at the SPSS 25.0 output results, namely:

Table 8
Simple Regression Coefficient Test
Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1272481217.952	466787625.121		2,726	.012
	pad1	2,895	,427	,805	6,779	,000

a. Dependent Variable: bd

1272481217.952

Coefficient test , the constant value a = 1272481217.952 and b = 2.895, so that the linear regression equation is:

Y = 1272481217.952 + 2.895

From the regression equation, it is obtained:

1. The constant value of 1272481217.952 means that if there is no increase in the value of Original Regional Income by 1%, or where Original Regional Income is equal to zero (X = 0), then Regional Expenditure has a value of 1 . 272 . 481 . 217,952.
2. The coefficient value of Original Regional Income (X) of 2.895 means that if Original Regional Income increases by 1 point it will increase the Regional Expenditure allocation by 2.895.

Pearson Correlation Analysis

This test was carried out to determine the close relationship between Original Regional Income (variable X) and Regional Regional Expenditures (variable Y) in Cities/Regency in West Java Province. Calculations using SPSS Version 20.0 as seen in the following table :

Table 9
***Pearson* Correlation Test**

Model	R	R Square	Adjusted R Square
1	.805 [a]	,648	,634

Summary Model above, it is known that the *Pearson* correlation coefficient value is R = 0.805

This shows that the level of closeness of the relationship between original regional income and regional expenditure is 0.805. This value is between 0.40 - 0.599 which can be seen in table 4.9 below:

Table 10
Interpretation of Correlation Coefficient

Coefficient Interval	Relationship Level
0.00 – 0.199	Very low
0.20 – 0.399	Low
0.40 – 0.599	Currently
0.60 – 0.799	Strong
0.80 – 1,000	Very strong

Based on the correlation coefficient interpretation table with a correlation value of 0.805 and a coefficient interval of 0.80-0.1.000, it shows that there is a very strong relationship. This means that there is a very strong relationship between original regional income and regional expenditure, which shows that original regional income and regional expenditure have a very important role in regional development and where every decrease and increase in original regional income will be directly proportional to the decrease or increase regional shopping.

Analysis of the Coefficient of Determination

To find out how much influence regional original income has on regional spending, the correlation results can be seen in the table below:

Table 11
Coefficient of Determination Test

Model	R	R Square	Adjusted R Square
1	.805 [a]	,648	,634

This shows that the percentage of influence of Original Regional Income on Regional Expenditures is 0.648 or 64.8%. Meanwhile, the remaining 35.2% is influenced by other

variables not included in this research model. Other factors of regional income that are not included in this research are balancing funds, and other legitimate income which is 35.2%.

Hypothesis Test / T Test

In this research, the t-test is used to test whether the hypothesis question is true or not. This test is used to find out whether in the regression model the independent variable Original Regional Income has an effect on the dependent variable Regional Expenditure, it can be seen from the SPSS 25.0 output results, namely:

Table 12
T test

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1272481217.952	466787625.121		2,726	.012
	pad1	2,895	,427	,805	6,779	,000

$_{calculated}$ t value of Original Regional Income is 6.779 with a significance value of 0.000, then this $_{calculated\ t}$ is compared with the t $_{table}$ at *degree of freedom* (df) n-2-1 = 27 -2-1 = 24 and α 0.05, the t $_{table}$ value is 1.703. It turns out that the $_{calculated}$ t is greater than the t $_{table}$ (6.779 > 1.703) and is based on a probability significance value of 0.000 < 0.05. Thus, based on this hypothesis, the null hypothesis (Ho) is rejected or the alternative hypothesis (Ha) is accepted. Therefore, Original Regional Income has a significant positive effect on Regional Expenditures in Regencies/Cities in West Java Province.

Discussion of Research Results

Original Regional Income in Regencies/Cities in West Java Province

Regional original income, which comes from taxes, levies, regional wealth management, and other PAD, is an important source of funding for regional autonomy and development. Regional governments need to increase PAD to support development aimed at improving community welfare. Regional performance can be assessed from their ability to explore sources of original regional income, which reflects their ability to finance their own government.

The research data table reveals variations in local original income in 27 cities/districts in West Java Province from 2016 to 2020. Even though the government focuses on increasing PAD from year to year, dependence on central balance fund transfers is still high. Therefore, local governments need to strive to increase local original income to

support development and community services, as well as reduce dependence on central funds.

Regional Expenditures in Regencies/Cities in West Java Province

Regional Expenditures refer to all regional obligations that reduce net assets within the fiscal year period. This includes expenditures from the Regional General Cash Account which reduce current cash funds and are regional obligations for one fiscal year. Regional expenditure is used to fund the implementation of government affairs which are the authority of the province or district/city, including mandatory affairs and optional matters regulated by law.

Research data shows variations in Regional Expenditures in 27 Regencies/Cities in West Java Province from 2016 to 2020. The value of Regional Expenditures varies, with the lowest being around Rp. 4,156,286,558.89 and the highest reached Rp. 74,443,129,435.13. Average Regional Expenditure is around Rp. 18,088,585,607.55, with the lowest value recorded in 2018 of Rp. 3,201,842,322.63 and the highest in 2016 was IDR. 4,570,166,252.22.

This data illustrates that not all Regional Governments are financially stable, especially in terms of Regional Expenditure growth. Differences in regional expenditure growth that are not evenly distributed show inequality between regions. Apart from that, there is a problem where an increase in Original Regional Income is not always followed by an increase in Regional Expenditures. Significant differences in regional expenditure growth between districts/cities indicate the existence of financial disparities between regions, which in turn can result in welfare disparities between regions.

The Influence of Original Regional Income on Regional Expenditures in Regencies/Cities in West Java Province

The regression coefficient of Original Regional Income (X) of 2.895 indicates that an increase in Original Regional Income of 1% will increase the allocation of Regional Expenditures by 2.895. This indicates that there is a positive relationship between Original Regional Income and Regional Expenditures, so that an increase in Original Regional Income has a positive impact on the allocation of Regional Expenditures.

The results of the T test with a tcount of 6.779 and a significance value of 0.000 indicate that the null hypothesis (Ho) is rejected and the alternative hypothesis (Ha) is accepted. This means that Original Regional Income has a significant positive influence on Regional Expenditures in Districts/Cities of West Java Province. In this study, around 64.8% of the variation in Regional Expenditures can be explained by Original Regional Income, while the remaining 35.2% is influenced by other variables not included in the model, such as balancing funds.

Previous research by Anadewi (2022) also confirmed that Original Regional Income, Balancing Funds, and Other Legitimate Regional Income have a significant influence, both simultaneously and partially, on Regional Expenditures in Regencies/Cities of West Java Province. This study uses regional government financial data as a data source and applies multiple linear regression analysis with classical assumption tests as the analysis method.

Original Regional Income, especially originating from regional taxes, regional levies, management of separated regional assets, and other legitimate regional original income, is an important source in financing regional expenditure. Increasing Original Regional Income allows local governments to reduce dependence on central government assistance and become more independent. By optimizing Original Regional Income, regional governments can improve public facilities, strengthen public trust in regional government performance, and support an increase in overall regional income.

CONCLUSION

Based on the results of research and discussion regarding the influence of local original income on regional expenditure in Regencies/Cities in West Java Province , the following conclusions can be drawn: (1) Original Regional Income has increased from year to year, which means that the regional government is focused on increasing resources. The overall receipt of original regional income even though the financial resources of the Regency/City regional government cannot be separated from central funding assistance originating from transfers or balancing funds. In line with the increase in Original Regional Income from year to year, this also has an impact on the contribution to regional expenditure allocations each year. (2) Original Regional Income influences Regional Expenditures in 2016-2020 in Regencies/Cities in West Java Province. The influence of local original income on regional spending means that the more local original income increases, the greater the regional spending allocation will be.

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